

Message Text

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ACTION AID-59

INFO OCT-01 NEA-10 ISO-00 IGA-02 EB-11 TRSE-00 OMB-01 IO-14

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FM AMEMBASSY SANAA

TO SECSTATE WASHDC 3489

INFO AMEMBASSY BONN

C O N F I D E N T I A L SANAA 569

E.O. 11652: GDS

TAGS: IBRD, EAID, YE

SUBJ: YARG IRRITATION OVER IBRD/IDA ATTITUDE ON ASSISTANCE
TO ROAD CONSTRUCTION IN YEMEN

1. MINSTATE FOR DEVELOPMENT AND DIRECTOR CENTRAL
PLANNING ORGANIZATION, DR. ABDUL KARIM AL-IRYANI, HAS
ASKED THAT EMBASSY SEEK TO HAVE US REPRESENTATIVE IN
IBRD INQUIRE ON URGENT BASIS INTO SITUATION DESCRIBED BELOW WHICH
DEEPLY DISTRESSING TO YARG. WE RECOMMEND THIS BE
DONE.

2. ACCORDING IRYANI, IBRD TWO YEARS AGO INDICATED
WILLINGNESS CONSIDER ON TENTATIVE BASIS LOANS FOR CON-
STRUCTION OF 480 KILOMETERS OF ROADS IN YEMEN. YARG
WAS ASKED DESIGNATE PROJECT TOTALLING 260 KILOMETERS
FOR INITIAL FEASIBILITY STUDIES. THESE CARRIED OUT
OVER PAST TWO YEARS AT COST OF BETWEEN DOLS 600,000-700,000.

3. ABOUT ONE MONTH AGO, AN IBRD TEAM UNDER SNEL
VISITED YEMEN TO REPORT BANK'S CONCLUSIONS. THESE WERE
THAT ALL PROPOSALS PROVIDED INSUFFICIENT ECONOMIC
RETURN TO MEET BANK CRITERIA EXCEPT 65 KILOMETERS OF
(ORIGINALLY USAID-CONSTRUCTED) ROAD BETWEEN TAIZ
LEADING TOWARD PORT OF MOKHA. BANK UNWILLING CONSIDER
SURFACING ALL THE WAY TO PORT AND WOULD UNDERTAKE SUR-
FACING ONLY TO JOIN RUSSIAN-CONSTRUCTED PAVED ROAD WHICH
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CONTINUES TO HODEIDA.

4. IRYANI SAID SNEL TEAM VERY RIGID. IRYANI GAVE EXAMPLES TO SHOW THAT ITS ECONOMIC ARGUMENTS FOR NOT UNDERTAKING OTHER PROJECTS WERE WEAK. HE SAID THAT AFTER TWO YEARS OF COOPERATION WITH IBRD IN THIS FIELD, YARG FEELS IT HAS BEEN LED DOWN THE GARDEN PATH AND LOST MUCH VALUABLE TIME.

5. DR. IRYANI INFORMED US THAT FRG HAD RECENTLY ADVISED YAR, AS ONE OF 25 LEAST DEVELOPED NATIONS, THAT IT ELIGIBLE FOR FRG DEVELOPMENT LOANS ON IDA TERMS. YARG SO ANNOYED WITH IBRD ON ROAD MATTER THAT IT HAD CALLED IN WEST GERMAN AMBASSADOR TO ASK IF FRG WILLING PICK UP THE 65 KILOMETERS IN QUESTION FOR CONSTRUCTION BY GERMAN FIRM PRESENTLY WORKING ON SANAA-TAIZ ROAD, SUPPORTED BY LOAN ON IDA TERMS. YARG HAS ASKED FOR ANSWER WITHIN ONE WEEK.

6. IRYANI SAID THAT IF FRG RESPONSE IS POSITIVE AND THERE IS NO SIGN OF GREATER FLEXIBILITY FROM IBRD, YARG WILL DROP ANY THOUGHTS ABOUT FURTHER IBRD INVOLVEMENT IN YEMEN ROAD CONSTRUCTION.

7. WE INDICATED TO IRYANI THAT IBRD/IDA'S UNCHARACTERISTICALLY TIGHT POSITION MIGHT BE ATTRIBUTABLE TO DIFFICULTIES FOURTH REPLENISHMENT. IRYANI AGREED THIS POSSIBLE BUT ASKED US SEE WHAT COULD BE FOUND OUT. HE HOPED US REPRESENTATIVE COULD ACT TO PRODUCE MORE POSITIVE BANK ATTITUDE.

8. UNDP DEPUTY RESREP LEGEROS WILL ALSO BE INQUIRING INTO FOREGOING DURING CONSULTATION IN NEXT TWO WEEKS. CRAWFORD

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